



Donald L. Carcieri
Governor

NEWS

Office of the Governor

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FOR IMMEDIATE RELEASE
Monday, February 6, 2006

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CARCIERI ANNOUNCES \$1.15 MILLION IN NEW STATE FUNDING FOR WARWICK TO COVER LOST PROPERTY TAXES AT T.F. GREEN

New Warwick Funding to Increase to \$2.3 Million in FY 2008

At a press conference with Warwick Mayor Scott Avedisian, Governor Donald L. Carcieri today announced plans to begin providing state funding to help Warwick recover some of the property tax revenue it loses each year as the host of T.F. Green Airport.

Specifically, the Governor announced that his budget proposal for the coming fiscal year (FY 2007) will include an additional \$1.15 million in funding to the City of Warwick through the Payment in Lieu of Taxes (PILOT) program. This state program is designed to help replace some of the property tax revenue that local communities cannot collect from land being used for nonprofit purposes (typically universities and hospitals).

The funding included in the Governor's FY 2007 budget proposal is the first part of a two-year phase-in of T.F. Green into the PILOT program. The \$1.15 million represents 50 percent of the total value of PILOT reimbursements for the property. The Governor expects to complete the phase-in in the FY 2008 budget, when Warwick will receive the full value of PILOT funds for the airport. As a result, Warwick should receive an additional \$1.15 million in FY 2008, bringing the total annual PILOT reimbursement to over \$2.3 million.

"I'm glad that we can show our gratitude to Mayor Avedisian and to the people of Warwick for hosting T.F. Green," Governor Carcieri said. "T.F. Green is a vital economic engine for our state. Our ability to grow jobs will depend on the continued success of the airport. And I will continue to support efforts to make T.F. Green more competitive."

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“But the airport is also a significant burden for the people of Warwick,” Carcieri continued. “While Warwick receives a boost in economic activity and some funding as the airport’s host, its citizens must also suffer millions of dollars in lost property tax revenues. They must also bear the burden of the many other inconveniences associated with hosting an airport of this size and success. I believe that this \$1.15 million in new funding this year will help begin to compensate for that burden. And I am hopeful that we can reimburse Warwick for the full value of the airport property in the fiscal year 2008 budget.”

“Mayor Avedisian has spent the last three years working with my administration to try to find a way to provide some state reimbursement for those lost property taxes,” the Governor said. “He has been a very persistent advocate for the citizens of his city, and his persistence has paid off. The citizens of Warwick owe him a debt of gratitude.”

“On behalf of Warwick’s nearly 90,000 residents, I thank Governor Carcieri for listening to our concerns and responding with this proposal to increase PILOT funding,” Mayor Avedisian said. “I know that crafting an annual budget is never an easy process and that the Governor has had to make many difficult decisions this year, so I particularly appreciate that he has made this compensation a priority.”

“This additional funding – as well as the Governor’s proposal to significantly increase school aid to communities – will allow us to ease the burden on Warwick’s taxpayers and to ensure that we continue to provide outstanding municipal services and a quality education for our students,” Avedisian said.

The state PILOT program reimburses host communities for 27% of the taxes which would be collected if the property was taxable. Properties that are often not taxable include universities, colleges and hospitals. Airports have not previously qualified. Because of this, the City of Providence annually receives the highest level of PILOT funding of any Rhode Island community. In FY 2006, Providence is receiving \$19.6 million in PILOT reimbursements. The Governor has included a provision in his FY 2007 budget proposal that designates airports serving more than a million passengers per year as eligible for PILOT funding.

According to the Warwick tax assessor, the land and buildings at T.F. Green are valued at \$367.7 million. The City of Warwick’s commercial property tax rate is \$23.18 per thousand, which yields a tax liability of \$8.52 million. Because the Airport’s land is tax exempt, the City receives no property tax revenues from the Airport despite its significant value. Since the PILOT program reimburses for 27 percent of taxable value, the airport’s PILOT value is \$2.3 million. The first year payment is proposed to be one half of the full entitlement.

Warwick will also continue to receive the benefits of Governor Carcieri’s pension reform program, which was approved by the General Assembly last July. The Governor’s pension reform plan is scheduled to save the City of Warwick \$1.30 million in the current fiscal year (FY 2006) and \$1.34 million in FY 2007. The savings are based on reductions in the city’s liabilities for the cost of Warwick teacher pensions.

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Governor Carcieri's FY 2007 budget proposal, which is due to be unveiled tomorrow, will also include a significant increase in direct aid to local schools for Warwick and other Rhode Island communities.

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